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**BLOGGER ROUNDTABLE WITH CAPTAIN ROBERT J. GILBEAU, DEPUTY
COMMANDER/CHIEF OF STAFF, JOINT CONTRACTING COMMAND
IRAQ/AFGHANISTAN**

*** MODERATOR: CHARLES J. "JACK" HOLT, CHIEF OF NEW MEDIA
OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
FOR PUBLIC AFFAIRS**

*** SUBJECT: THE JCC I/A IRAQI FIRST PROGRAM**

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MR. HOLT: And who just joined us here?

CAPT. GILBEAU: This is Captain Bob Gilbeau at JCC I/A in Baghdad.

MR. HOLT: Captain Gilbeau, thank you very much for joining us, sir.

CAPT. GILBEAU: No problem.

MR. HOLT: And welcome to the blogger's roundtable here this morning. As we get started, Captain Gilbeau is the -- United States Navy -- is the deputy commander and the chief of staff for the Joint Contracting Command, Iraq and Afghanistan.

And got some important things going on in your area of expertise. Am I correct in that, sir?

CAPT. GILBEAU: You are correct. So far, so good.

MR. HOLT: All right, sir. Do you have an opening statement for us?

CAPT. GILBEAU: I do. I'll give you a brief little rundown here on a couple things, let you know about JCC I/A. And then we can get the -- some of the data, statistics at hand. And then I'll be happy to answer any questions.

MR. HOLT: All right, sir.

CAPT. GILBEAU: First and foremost, the -- you know, I think what stimulated this discussion is a press release where we've just concluded executing or awarding over \$1 billion total of contracts to our Iraqi contractors that we work with, and I'll get into some specifics on that. And so that's a real milestone for the Iraqi economy and for the Iraqi people as it employs a good number of local nationals and it is certainly helping to bring the country of Iraq towards stability as it employs individuals that might be of an insurgent age, we'll put.

So with that, let me give you my prepared notes here to tell you a little bit about JCC I/A and what we do.

JCC I/A is a major subordinate command under Multi-National Force-Iraq -- that's General Petraeus' command. And we have a primary mission to provide effective contracting support to the chief of mission-Iraq -- the U.S. embassy -- to Multi-National Forces-Iraq, and to all Multi-National Forces-Iraq major subordinate commands. Our contracting support is focused to the MNF-I Commander's Campaign Plan in Iraq, and it includes Iraq reconstruction, forces support, capacity building and economic development of the country of Iraq.

The command accomplishes this through very close coordination with coalition forces and other government agencies. And we have a total deployment of 157 warranted contracting officers over 18 locations throughout Iraq and Afghanistan.

Our efforts last year totaled over \$6.5 billion, and this fiscal year to date we've totaled over \$2.42 billion as of the end of last month.

One of our -- one of the critical programs we developed in Iraq -- and we have a similar program in Afghanistan -- but the one in Iraq specifically, which is in support of the MNF-I Campaign Plan, is a program we call Iraqi First. The program focuses within Iraq to develop Iraqi economic expansion, Iraqi entrepreneurship and individual development for the better lives of the Iraqi people and better lives of their families.

Our efforts under this program were to remove barriers that prevented Iraq's own businesses from competing on a level playing field with the rest of the world's businesses. So while assisting in Iraq in its transition to a vibrant, self-sustaining, free market economy, we're able to put economic power into the Iraqis' control and they're hiring people and they're producing goods. And of course we see the trickle-down effect throughout the economy.

Again, this has allowed us to put more Iraqis to work by procuring locally required supplies and services from Iraqi contractors. They're doing everything from providing pens and pencils to building security defense areas for our troops and for their troops and foreign operating bases in joint security stations. They actually build the cement barriers that have been in the news quite frequently. We do that mostly with Iraqi companies and Iraqi labor.

Again, this helps to strengthen the Iraqi economy, it enhances the security environment because we have easier access to these vital security protection devices, and it gives local workers a vested stake in the quality of life that they've produced and the quality of the finished product that they've created, and it increases local sources for the future.

For us it's been a true shift in thinking about the reconstruction contracting in Iraq because we moved from an environment where we had to bring virtually everything in from external companies to an

environment where we developed the capacity for Iraqi firms to provide not only for our needs but in the future for the needs of their own people.

You know, I can go on about several successes we've seen personally. One particular success was an individual that came over -- an expatriate -- an Iraqi expatriate returned to Iraq in 2003 -- had about, you know, \$3,000-worth of liquid assets to his name -- came over, started a company, and today that particular company has over -- just about \$300 million worth of contracts have been awarded to him. His company has grown by leaps and bounds -- employs literally thousands of people in his supply chain here in Iraq and actually working for him, and he produces wonderfully high-quality product. He produces material that we use in our forward operating bases, in our local area bases here in the IZ. He even is working some contracts down in prisoner detention areas, really improving the safety and security of the prisoner detention capabilities, both for the prisoners -- improving their safety, and also for the guard force -- the coalition forces, certainly enhancing their safety by putting the better living product out there.

Prior to the Iraqi First program, we only saw about 21 percent of our contract dollars going into Iraq. Today we're above 50 percent in our contract dollars in Iraq, and we're well above 50 percent in our contract dollars in Afghanistan going to host nations. And later if you care I can get into some specific data on numbers of actions, if you will, or contract actions -- orders in contracts themselves. And I can also give you some dollars historically and split out by Iraq and Afghanistan.

It's kind of interesting: We're a joint command here. We work for General Petraeus directly at MNF-I, and our primary mission is to focus support to the ground commanders in response to the joint campaign plan. We provide the effects that the command -- the battlefield commanders need all throughout Iraq and Afghanistan, and everything from emergency transportation for cargo to rations for prisoners to drinking water to what we call "hoopties" or our trailers, et cetera.

One of the things that JCC-I prides itself on is we work -- whether we're letting contractors to Iraqi vendors or whether we're letting contracts to other national interests -- particularly the United States -- is that we have a focus on ensuring our contracts are manageable and that we have good anti-fraud implements put in place. We follow the FAR -- the Federal Acquisition Regulations. We follow the Army DOD -- our Army and DOD supplements and other regulations to ensure that our contract efforts here are subject to the normal compliance and oversight requirements that you'd see at any other DOD contracting activity.

Although our circumstances are certainly not normal, it's good to know that we actually apply what I'd consider above-normal scrutiny to ensure that we're being good stewards of the taxpayers' dollars and that we get a high-quality good or service through our contract.

And through many things, whether it be a multiple level of contract review or on-site procurement management reviews, that we initiate -- and we have a staff that goes out and looks for self-oversight inspection training. We involve the CID folks, the investigation folks, when we think with have a problem. We're able to ensure the integrity of the procurement process is always foremost in our sights, even as we're trying to further the economic line of operation in pushing contracts, as best we can, into the Iraqi stream of economic growth.

Just FYI, we have weekly meetings with our own legal counsel; we meet with CID at least twice a month. We're strong partners with SIGIR, the Special Investigation -- Inspector General for Iraqi Reconstruction; we are strong partners with the DoD IG, with the MNF-I IG; we work closely with GAO and the Army audit agencies. When there is an issue we take swift action on it, and I can say, you know, we turn anything over to the proper authorities to be looked at.

And the bottom line is, I think the command here, JCC I/A -- totally, we have 254 people, civilians, Army, Navy, Air Force, Marines; we have a few contractors that work for us; we have some host-nation local nationals that support us in our local-national environment -- but I feel comfortable in saying that I think we're doing a decent job in supporting the economic line of operation, in supporting the military kinetic lines of operation. We support the non-kinetic lines of operation by letting contracts in the construction arena to fix things for those people that are in need throughout Iraq and Afghanistan, and we safeguard against corruption and we execute prudent stewardship of the taxpayer's dollar because we think it's paramount that we continue to keep the confidence of those we support here on the battlefield as well as back home.

So I thank you for this opportunity to share our story and I stand by for any questions you may have. And if you'd like, I can share some of the data with our Total Action -- Host Nation Actions in dollars that we spend. So over to you.

MR. HOLT: Excellent, sir. Thank you very much.

Grim, you were first on-line, so why don't you get us started off.

Q This is Grim of blackfive.net. I want to ask you about -- you probably are familiar with the recent Nobel Prize to a fellow who does micro-credit loans. I was wondering if you'd given any thought to incorporating micro-credit-type things into your program so that, in addition to working with existing Iraqi businesses, people who are starting businesses, you'd actually be helping people start businesses that you could then work with to build small pools of capital through Iraqi society?

CAPT. GILBEAU: Well, that's actually a fantastic question. I'll even call it a little bit of a softball because it's good. We work hand-in-hand with several organizations -- USAID being one of them, the Brinkley Group, the BTA, Business Transformation Agency from DOD,

a couple of other NGOs, and the U.S. embassy. We work hand-in-hand with these groups in things like micro-loans, micro-grants, and as those organizations -- I'll call it "seed money," are providing seed money either through micro-loans, micro-grants, and sometimes mid-range loans with loan guarantees -- we come in very, we focus in that area and we ensure that the newly-formed or fledgling businesses have access to at least a portion, if not a whole, particular government contract.

Now we don't, I'll say, "break the rules" or go around proper stewardship to give these people a contract, but what we do is we, again, look at a level playing-field and determine what the best value is to the U.S. taxpayer when we're looking at assigning a contract. And certainly we give preference to a small fledgling Iraqi company versus a different company that may not have the specific economic line-of-operation benefit that we seek.

Additionally, we work with some of our main contractors to identify local sources that are recipients of these grants, et cetera, and do whatever we can to have them look to these companies and these small businesses to be part of their supply chain so that they get the economic effect of the larger contract that they, you know, wouldn't be capable of participating in.

Q Thank you, Captain. The question's only a softball if you have a good answer to it. (Laughter.)

MR. HOLT: Andrew Lubin, you're next on the list.

Q Good afternoon, Captain. This is Andrew Lubin from U.S. Cavalry On Point. I've got a two-part question here. Is your group making working capital loans or are they grants? And, are you -- are these people supplying, basically, the U.S. Coalition and military and Iraqi military, or are you providing seed money and grant money into businesses just to get the economy restarted?

CAPT. GILBEAU: Okay, first JCCI does not provide any money. We are -- we simply execute contract vehicles that will eventually lead to payment. The folks like USAID, some other embassy groups and non-governmental agencies that we support, do, in fact, provide the loans and grants both. And it's really a -- there's a wide variety, in fact, we went and printed off a piece of paper to give to vendors and prospective vendors to say, here's all the programs that are available to provide you economic support and stimulus in Iraq. And it came out to be about seven pages long by the time you looked at all the different grants and loans that were available for them. Now the second part --

Q Sorry -- You don't have a budget of your own then, you're simply expediting other people's grant and loan money?

CAPT. GILBEAU: Right. We simply execute the -- we are the ones that execute about 67 percent of the budget that is spent in -- U.S. budget that is spent in Iraq.

Q Okay, I see.

CAPT. GILBEAU: You know, so any of the military budget -- the vast majority of it will come through us.

Now part two of your question, these local companies provide to both the U.S. Armed Forces -- to the U.S. mission, the embassy, and also to the Iraqi armed forces and the Iraqi security forces.

Q But if they want to start businesses on their own, just Iraqi to Iraqi, are they allowed to do that or is that a different grant or loan program?

CAPT. GILBEAU: No, they're -- they are allowed to go Iraqi-to-Iraqi as well. How they -- again, although I -- you know, it's out of my lane as far as execution. We do work very closely, particularly with the USAID folks. And what an individual Iraqi "entrepreneur," I'll say, will do is he'll come up with a business -- usually he will go to a USAID class -- or there's some other organization classes, there's some local Iraqi classes and there's some U.S. government-sponsored classes -- they will take a class in business operations and business development. They will be taught how to basically create a business case. They'll put a business case together and present it to a grant, or loan group, or individual from one of the other granting or micro-loan activities, and if deemed appropriate, they'll be given the money. If it's a grant, they're given the money and they go to stock their shelves or start their business.

In some instances, they just go to, let's say, a marketplace has been bombed or hit, there'll be a group that may go there to provide grant money to help businesses restart. In other cases, that's -- in some cases it's Iraqi government money that helps them, in other cases it's NGO donation money, in other cases it's some U.S. government funds that are used for those purposes.

Q Great, thank you.

MODERATOR: And Jerrad.

Q Yes, sir. Good afternoon. Could you talk a little bit to some of the specifics of stuff that's going on from today into the future in the near-term, next few months -- so we can say, okay, here's the surge, here are the positive developments that are occurring in Iraq? Because people are like, great, yeah we spend \$1 billion for four years but we are where we are. What's going on in the future where we're seeing here's where we're making a real difference; here's where we're bringing Iraqi ministries up to speed so that they can start to do these things; here's where we're seeing more Iraqi businesses being able to move on their own?

CAPT. GILBEAU: That's a great question.

We are -- we call it capacity development and we work very, very closely with the ministries, with the provinces to get them moving on

their own. And it's really a difficult task when you realize this government and this federalism idea is just a couple years old here in Iraq. And you have to really teach everybody -- you know, you have to teach them to crawl, walk and then run.

From the civil sector into the private sector, there are just an uncountable number of groups out there providing assistance to grow the capacity of the government and the local economy. Right now one of the things we are doing is we're helping the provincial governments connect with the federal government and the municipalities below them to put together lists of projects, which are then budgeted for.

The budget is moved into the province, or into a ministry that oversees the province, and those task lists of projects are then looked at, voted on by council members and government.

And then the budget is finally executed via a contract that they are taught how to let and how to write so that you get goods and services delivered at an agreed to price and that both parties -- the deliverer and the receiver, or the producer and the consumer -- are protected. And then the money flows to pay the individuals.

That seems like it's a very basic premise, but in their old regime, that didn't work. Today we are seeing the budget execution piece and the municipality piece grow at a tremendous pace. And we're seeing -- like in Anbar province, for instance, we're finally seeing a lot of projected being executed to provide the goods and services that the people of Anbar need now that the security situation is looking better. And that's real momentum that does my heart good when you see that sort of progress.

We're also building a lot of water treatment facilities, water waste facilities, sewage capability. The infrastructure here was frail, to say the least, and it's taken several years, but that's really starting to turn around now and the people of Iraq are appreciating it.

You know, for the first time ever in Iraq we've produced over 5,000 megawatts of power through our contracting efforts in the power plants and the power grid. The vast majority of Iraq is getting a lot more power than they used to get. Like for instance, from four hours a day now to 12 hours a day. Baghdad, of course, still has power issues, but most of that's because of transmission lines. And also, the desire for power has shot through the roof, because now people are actually able to buy televisions, refrigerators, computers -- the sorts of things that before they weren't able to get or use.

So I mean, I've just been here for five months. I volunteered to come here to help the Iraqi people. And I can tell you, I personally am really, really excited to see a lot of the changes and the improvements in the society as we move along.

Now, everything isn't rosy. There's a lot of bad areas. There's a lot more work to do, but I can tell you without exception, there's

been a huge, tremendous amount of progress and I think we're just starting to see that.

MR. HOLT: Okay.

David Axe.

Q Sir, this is David Axe. I blog with Wired -- Wired's Danger Room blog, Military.com and also with Aviation Week.

Is there -- have you seen any indication that any foreign markets are finally opening up to Iraqi entrepreneurs?

CAPT. GILBEAU: Quite frankly, it'd just be conjecture on my part. I think the answer's yes. But I don't have good visibility of that from where I sit. Just my gut feel is yes, just from the amount of trucks you see driving on the roads down to Umm Qasr or out to the other neighboring countries. There's never a lack of border crossing going on and we're starting to see a little bit out outbound border crossing, versus just all inbound. But that's about all.

Q Wouldn't that be -- isn't opening up Iraq to foreign markets the long-term solution to sustaining Iraqi business?

CAPT. GILBEAU: Well, it has to be, but I think you have to get the security situation in check before that will really be viable.

Q Because, I mean, getting Iraqis working on U.S. funded contracts essentially just -- it can only really be a short-term, almost like a training tool. I mean, we're not going to be around for 30 years to pump billions of dollars into the economy.

CAPT. GILBEAU: Absolutely. Absolutely. It's got to transition into the global economy, otherwise, what we see in economic development will just be short term. And that's what we're trying to set up.

And I'll tell you, you know, it's not just the Americans here. There's a lot of embassy interaction between -- you know, I always see the Korean contingent here and the Japanese and the Georgian, the Turks -- even though there's some issues. You know, I really -- I think it's starting to take off, but I don't have any data to back that up.

Q Okay. Thank you.

CAPT. GILBEAU: But I do agree with you. It has to happen.

MR. HOLT: Okay. Any follow-up questions?

Q One quick one: I've seen a lot of pictures in the last two, three weeks from Ramadi and Fallujah showing the difference between how the streets looked, you know, a year ago with all the trash and the bombed out cars or whatever now that they're cleaned. Is there any thought to actually having that done in every city? In Diyala,

Siracadin (sp), in every province? Actually bringing just a type of cleanliness to the people?

CAPT. GILBEAU: Absolutely. In fact, I can tell you in just this morning's battle update assessment with General Petraeus, General Petraeus asked a very similar question, which was -- in fact, specifically he was talking about Diyala -- you know, what's the plan? How are we getting in there to clean the streets and to make -- to bring the services that the people deserve and need to where it needs to go? And he looks at that Iraq-wide, not just in Anbar.

So that's a good question. And I can tell you yes. We're seeing a lot of that happen and a lot of it's funded by the Iraqis and some of it's funded by us. So it's -- I think that's going to be a good news story for the Iraqis as the security posture increases and gets better.

Q Do you have time for another question, Jack?

MR. HOLT: Yeah. We've got a few minutes left. Go ahead, Andrew.

Q Captain, Andrew Lubin from On Point.

The other day we were talking with -- I believe it was Brigadier General Holmes out of CENTCOM who mentioned that there's no Iraqi tariff, that there's a major problem with smuggling in cheap goods coming in from Iran, which is ruining the Iraqi economy and ruining the Iraqi businesses. Are you talking with any of the people on the ministerial level to try and get this resolved?

CAPT. GILBEAU: I wouldn't feel comfortable responding to that, except to say that I know the U.S. embassy has that on their radar screen. And I've sat in many meetings where it's discussed and where plans to assist in that arena have been discussed and developed. But I couldn't give you any specifics because it's not my realm.

Q Could we ask you for somebody at the embassy that we could talk to about that then? I understand it's out of your lane, but we, thank God, don't have that problem.

CAPT. GILBEAU: I would say to get back with the folks that set this up and I'll be happy to report back to them. I don't know -- I know individuals that talk about it. I don't know who the right person is, but I can get with Lieutenant Commander Anderson or Colonel Malone and let them know that that's what we're looking for and I can get them a name after I do some research.

Q Great. Thank you very much. That will be very helpful.

MR. HOLT: Okay. Thank you. Yeah, thank you very much.

Captain Robert J. Gilbeau, United States Navy, deputy commander and chief of staff of the Joint Contract Command, Iraq and Afghanistan. Thank you so much for being with us today, sir.

CAPT. GILBEAU: All I can say is, Go Navy/help Army! We're having a great time out here. (Laughter.)

MR. HOLT: All right, very good. And we look forward to having you back for some updates a little bit later.

CAPT. GILBEAU: Any time. I'd love to come aboard.

Thanks, guys. Have a great day.

MR. HOLT: Thank you, sir.

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